



A Community Win-Win: Co-Locating Child Care with Affordable Housing

Overview

Most cities in California face intertwined crises in housing and child care. Some estimates show the state is short 3.5 million housing units and nearly half of working parents lack access to licensed child care, making co-locating child care with affordable housing a strategic solution. This approach supports family stability, economic mobility, and climate resilience while empowering women-owned small businesses.

Scenarios for Co-Location

- Scenario 1: Child care planned alongside housing development.
- Scenario 2: Child care added after housing is built.
- Scenario 3: FCC units designed during pre-development.
- Scenario 4: FCC added post-occupancy, often with support from FCC networks.

Benefits of Co-Location

- Economic Stability: Reduces costs for families and supports child development.
- Business Sustainability: Offers stable tenancy for developers and growth opportunities for providers.
- Climate Resilience: Efficiently utilizes space and energy resources, reduces commuting, promoting walkable communities.
- Equity: Supports women and women-of-color-owned child care businesses.

Financing Models

Community Service Facility (CSF): Uses LIHTC in Qualified Census Tracts (QCTs) to subsidize child care build-out.

Rentable Commercial Space: Shell construction included in LIHTC; providers complete fit-out.

Condominium Ownership: Separates commercial space for sale or lease.



Challenges

- Financing Gaps: High costs and limited subsidies for child care facilities.
- Regulatory Misalignment: Lengthy permitting processes and zoning restrictions can be misaligned with state licensing.
- Matchmaking & Technical Support: Lack of coordination between developers and child care providers.

Opportunities & Solutions

- Public Land Use: Prioritize child care in RFPs for public land.
- Mission Driven Finance's CARE Program: Affordable leases with eventual ownership for providers.
- Policy Innovations:
 - Measure H in San Diego: Incentivizes child care in public land development.
 - Alameda, San Francisco & Sonoma Counties: Passed measures that support early childhood, including facilities.
 - State & Federal Legislation: Can support co-location through funding and regulatory reform. AB 752 allows co-location by-right in residential areas.

Best Practices for Developers

- Partner early with child care operators.
- Align missions and financial expectations.
- Include child care in LIHTC applications.
- Design with provider input and operational needs in mind.
- Use FCC networks for recruitment and support.

Design & Space Requirements

- Indoor Space: Minimum 100 sq ft per child recommended.
- Outdoor Space: 75 sq ft per child, with waivers available to reduce requirements.
- FCC Units: Should include expanded floor plans, durable materials, sound insulation, and direct outdoor access.

Conclusion

Co-locating child care with affordable housing is a transformative strategy that addresses housing, child care and climate change. With targeted investments, regulatory reforms, and strong partnerships, cities can build a future where families thrive and communities grow sustainably.